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**唐宮(中國)控股有限公司**

**TANG PALACE (CHINA) HOLDINGS LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1181)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

The board of directors (the “**Board**”) of Tang Palace (China) Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2012 (the “**Period**”), together with the comparative figures for the six months ended 30 June 2011.

This unaudited condensed consolidated interim results has not been audited, but has been reviewed by the Company’s audit committee (“**Audit Committee**”).

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2012**

		<b>Six months ended 30 June</b>	
	<i>Notes</i>	<b>2012</b>	2011
		<b>RMB'000</b>	RMB'000
		<b>(unaudited)</b>	(unaudited)
Revenue	3	<b>391,929</b>	369,328
Other income and gains	3	<b>8,871</b>	5,905
Cost of inventories consumed		<b>(161,588)</b>	(159,290)
Staff cost		<b>(100,591)</b>	(89,293)
Depreciation of property, plant and equipment		<b>(17,469)</b>	(14,081)
Utilities and consumables		<b>(23,660)</b>	(20,199)
Rental and related expenses		<b>(33,314)</b>	(28,264)
Finance costs		–	(757)
Listing and related expenses		–	(13,398)
Other expenses		<b>(26,004)</b>	(25,562)
		<hr/>	<hr/>
Profit before tax	5	<b>38,174</b>	24,389
Income tax expense	6	<b>(12,487)</b>	(13,874)
		<hr/>	<hr/>
Profit and total comprehensive income for the period attributable to owners of the Company		<b>25,687</b>	10,515
		<hr/>	<hr/>
Earnings per share	8		
– basic (RMB cents)		<b>6.19</b>	3.04
		<hr/>	<hr/>
– diluted (RMB cents)		<b>6.16</b>	3.03
		<hr/>	<hr/>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 30 JUNE 2012*

		As at <b>30 June 2012</b> <i>RMB'000</i> (unaudited)	As at 31 December 2011 <i>RMB'000</i> (audited)
<b>Non-current assets</b>			
Property, plant and equipment		<b>139,762</b>	98,860
Intangible assets		<b>7,292</b>	7,528
Rental deposits		<b>13,890</b>	13,367
Deferred tax assets		<b>4,679</b>	4,600
		<b>165,623</b>	124,355
<b>Current assets</b>			
Inventories		<b>17,690</b>	20,151
Trade and other receivables	9	<b>24,934</b>	17,331
Bank and cash balances		<b>247,945</b>	293,567
		<b>290,569</b>	331,049
<b>Current liabilities</b>			
Trade and other payables	10	<b>113,662</b>	107,690
Amount due to related parties		<b>100</b>	100
Tax payable		<b>5,563</b>	7,405
		<b>119,325</b>	115,195
<b>NET CURRENT ASSETS</b>		<b>171,244</b>	215,854
		<b>336,867</b>	340,209
<b>Capital and reserves</b>			
Share capital	11	<b>34,944</b>	34,853
Reserves		<b>300,973</b>	304,406
Equity attributable to owners of the Company		<b>335,917</b>	339,259
<b>Total Equity</b>		<b>335,917</b>	339,259
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>950</b>	950
		<b>336,867</b>	340,209

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and its principal place of business is located at Unit 3, 10th Floor, Greenfield Tower, Concordia Plaza, No. 1 Science Museum Road, Kowloon, Hong Kong.

During the Period, the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in restaurant operation.

### 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2012 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2011.

The accounting policies and basis of preparation adopted in the preparation of this unaudited condensed consolidated interim financial statements are consistent with those of the annual financial statements for the year ended 31 December 2011 except that the Group has adopted the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which include all Hong Kong Financial Reporting Standards, HKASs and interpretations) issued by the HKICPA which are effective for the Group’s financial year beginning on 1 January 2012.

#### Changes in Accounting Policy and Disclosures

The Group has adopted the following new and revised HKFRSs for the first time which are pertinent to its operations and relevant to these unaudited condensed consolidated interim financial statements.

HKFRS 1 Amendment	Amendment to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Transfers of Financial Assets</i>
HKAS 12 Amendments	Amendments to HKAS 12 <i>Income Taxes – Deferred Tax: Recovery of Underlying Assets</i>

The adoption of these new and revised HKFRSs has had no significant financial effect on these unaudited condensed consolidated interim financial statements.

The HKICPA has issued a number of new standards, interpretations and amendments to standards which are not effective for accounting period beginning on 1 January 2012. The Group has not early adopted these new and revised HKFRSs.

### 3. REVENUE, OTHER INCOME AND GAINS

	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue</b>		
Gross revenue	415,194	391,374
Less: sales related tax	(23,265)	(22,046)
	<u>391,929</u>	<u>369,328</u>
<b>Other income and gains</b>		
Interest income	1,968	449
Commission income (note)	4,968	4,140
Others	1,935	1,316
	<u>8,871</u>	<u>5,905</u>

*Note:* Commission income represents commission received or receivable in respect of sales of tea related products.

### 4. SEGMENT INFORMATION

#### Segment revenues and results

The directors assess the performance of the operating segments based on geographical location of the Group's restaurants. Segment profit represents the profit earned by each segment without allocation of the expenses incurred by the Group's head office. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

The following is an analysis of the Group's revenue and results by operating segments:

#### Six months ended 30 June 2012

	<b>Southern China RMB'000</b>	<b>Eastern China RMB'000</b>	<b>Northern China RMB'000</b>	<b>Eliminations RMB'000</b>	<b>Total RMB'000</b>
<b>REVENUE</b>					
External sales	64,628	170,422	156,879	–	391,929
Inter-segment sales	–	1,743	–	(1,743)	–
Total	<u>64,628</u>	<u>172,165</u>	<u>156,879</u>	<u>(1,743)</u>	<u>391,929</u>
<b>RESULTS</b>					
Segment results	6,960	12,737	28,871	–	48,568
Interest income					1,499
Unallocated corporate expenses					(11,893)
Profit before tax					<u>38,174</u>

**Six months ended 30 June 2011**

	Southern China <i>RMB'000</i>	Eastern China <i>RMB'000</i>	Northern China <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
REVENUE					
External sales	66,287	173,114	129,927	–	369,328
Inter-segment sales	–	13,165	–	(13,165)	–
Total	<u>66,287</u>	<u>186,279</u>	<u>129,927</u>	<u>(13,165)</u>	<u>369,328</u>
RESULTS					
Segment results	5,128	19,931	29,602	–	54,661
Interest income					208
Unallocated corporate expenses					(29,723)
Finance costs					<u>(757)</u>
Profit before tax					<u>24,389</u>

**5. PROFIT BEFORE TAX**

**Six months ended 30 June**  
**2012**                      2011  
*RMB'000*                      *RMB'000*

Profit before tax has been arrived at after charging:

Directors' emoluments	<b>1,984</b>	1,814
Other staff costs	<b>92,335</b>	82,617
Retirement benefit scheme contribution, excluding those of directors	<b>6,272</b>	4,862
Total staff costs	<u><b>100,591</b></u>	<u>89,293</u>
Depreciation of property, plant and equipment	<b>17,469</b>	14,081
Amortisation of intangible assets	<b>425</b>	572

**6. INCOME TAX EXPENSE**

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the Period (six months ended 30 June 2011: Nil). Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

**Six months ended 30 June**  
**2012**                      2011  
*RMB'000*                      *RMB'000*

Enterprise income tax in the People's Republic of China (the "PRC")

Current tax	<b>12,566</b>	13,874
Deferred tax	<b>(79)</b>	–
	<u><b>12,487</b></u>	<u>13,874</u>

## 7. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

## 8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Earnings for the purposes of basic and diluted earnings per share		
Profit for the period attributable to owners of the Company	<u>25,687</u>	<u>10,515</u>
	<b>Number of shares</b>	
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>415,261,363</u>	345,801,105
Effect of dilutive potential ordinary shares in respect of share options	<u>1,814,704</u>	<u>1,512,806</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>417,076,067</u>	<u>347,313,911</u>

## 9. TRADE AND OTHER RECEIVABLES

The Group does not allow credit period for sales from operation of restaurant, except for certain well established, corporate customers for which the credit periods are ranging from 30 to 80 days. The following is an analysis of trade receivables by ages, presented based on the invoice dates:

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
0–30 days	6,064	6,049
31–60 days	1,543	1,075
61–90 days	1,186	438
Over 90 days	<u>597</u>	<u>841</u>
	<b>9,390</b>	8,403
Other receivables:		
Prepayments	12,007	7,914
Others	<u>3,537</u>	<u>1,014</u>
Total trade and other receivables	<u>24,934</u>	<u>17,331</u>

## 10. TRADE AND OTHER PAYABLES

The following is an analysis of trade payables by age, presented based on the invoice dates:

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
0–30 days	25,494	30,519
31–60 days	4,457	1,497
61–90 days	1,341	451
91–180 days	1,513	301
Over 180 days	1,337	928
	<u>34,142</u>	<u>33,696</u>
Other payables:		
Other payables and accruals	21,407	18,974
Salary and welfare payables	28,841	26,537
Receipts in advance	29,272	28,483
	<u>113,662</u>	<u>107,690</u>

## 11. SHARE CAPITAL

	Number of shares	Share Capital HK\$'000
Ordinary shares of HK\$0.10 each		
<b>Authorised:</b>		
As at 1 January 2012 and 30 June 2012	<u>2,000,000,000</u>	<u>200,000</u>
<b>Issued and fully paid:</b>		
As at 31 December 2011	415,000,000	41,500
Issue of shares pursuant to the exercise of Pre-IPO Share Option Scheme on:		
18 May 2012	924,000	93
26 May 2012	192,000	19
	<u>416,116,000</u>	<u>41,612</u>
As at 30 June 2012		
	<u>416,116,000</u>	<u>41,612</u>
Equivalent to RMB (RMB'000)		RMB34,944

## 12. COMPARATIVE AMOUNTS

During the Period, certain other income and expenses in the condensed consolidated statement of comprehensive income have been reclassified and certain interest income, finance costs and general administration expenses have been reclassified as unallocated income and expenses in the Group's segment information. In the opinion of the directors, such reclassification better reflects the underlying nature of those income and expenses. Accordingly, certain comparative amounts in the condensed consolidated statement of comprehensive income and segment information have been reclassified to conform with the current period's presentation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review

With the ongoing European sovereign debt crisis causing global economic instability, the Chinese economy has also been showing a slowdown in growth. The year-on-year consumer price index growth in China in the first half of 2012 is declined from 4.5% in January to 2.2% in June. The Group still managed to achieve revenue of RMB391.9 million for the six months ended 30 June 2012, showing an increase of 6.1%, as compared to RMB369.3 million for the six months ended 30 June 2011. Operating margin increased by 1.9%, from 56.9% for the first half of 2011 to 58.8% for the first half of 2012, which was due to the increasing efficiency of central procurement. Profit and total comprehensive income for the Period amounted to RMB25.7 million, showing an increase of 144.3%, as compared to RMB10.5 million for the first half of 2011. Excluding the listing and related expenses of RMB13.4 million incurred in the first half of 2011, the profit and total comprehensive income for the Period has increased by 7.4%. Basic earnings per share for the Period was RMB6.19 cents, as compared to RMB3.04 cents for the first half of 2011.

As at 30 June 2012, we operated 30 restaurants located in Beijing, Tianjin, Shanghai, Suzhou, Hangzhou, Shenzhen, and Dongguan. In addition, we have one food plant in Shanghai, which was primarily established to provide food production services to our restaurants. We believe our plan on expanding both Chinese restaurants as our core business and fast food and casual dining restaurants as a future revenue driver is an appropriate strategy in tapping the enlarging customer base from middle to high-end spenders in China, hence achieving continuous revenue growth.

The table below illustrates the number of restaurants, average spending per customer, and percentage of revenue contributed to the Group by major brands:

Brand	No. of restaurants for the six months ended		Average spending per customer for the six months ended		Percentage of revenue contributed to the Group for the six months ended	
	30 June 2012	2011	30 June 2012 RMB	2011 RMB	30 June 2012	2011
Tang Palace Seafood Restaurant (唐宮海鮮舫)	14	12	172.5	150.1	67.0%	68.0%
Tang's Cuisine (唐宮壹號)	2	2	352.9	303.7	9.4%	10.5%
Excellent Tang Palace (盛世唐宮)	2	2	104.5	83.4	9.3%	9.0%
Tang Palace Restaurant (唐宮膳)	2	2	106.1	100.5	9.3%	10.0%
Pepper Lunch (胡椒廚房)	8	4	42.0	56.7	3.5%	0.8%

## Outlook and prospect

For the Group's continuous development and revenue growth, our strategy is to enlarge our customer base in different catering businesses through continuous expansion of our restaurant network including opening new Chinese restaurants and Pepper Lunch restaurants. Targeting young diners, we also seek out quality partners such as the PappaRich Group, which will be one of our future development in the casual dining business in coming years. Expanding our network in first and second tier cities continues to be our priority under the Group's strategy on targeting high-end spenders. To achieve this, we closely cooperate with branded hotel chain groups, as well as long-established local hotel groups and renowned property groups to enhance our brand reputation. In the second half of 2012, a number of Chinese restaurants and Pepper Lunch restaurants will be opened in Beijing, Shanghai, Tianjin and Macau. In addition, the cooperation between the Group and the PappaRich Group will strategically introduce a stylish Southeast Asian dining experience into Mainland China, Hong Kong and Macau, aimed at tapping the tremendous domestic consumption market in the region.

We gradually build up our presence in the banqueting market, from attending wedding expos, cooperating with local wedding planners to catering large scale events. In addition, to improve the Group's revenue during low season, we have strengthened our special menus for seasonal festivals and take-away packaged products. All of these will facilitate more pre-booking orders, hence better food supply estimation, more efficient centralised procurement system and ultimate goal in lowering overall cost of inventories consumed.

During the Period, we obtained awards and certifications in respect of our food, services and management. The following table sets forth our recent awards and certifications:

<b>Award/Certificate</b>	<b>Awarding and Issuing Authority</b>
2011 National Top 100 Catering Services Award (2011年度中國餐飲百強企業)	China Cuisine Association (中國烹飪協會) China General Chamber of Commerce (中國商業聯合會) China National Commercial Information Center (中華全國商業信息中心)
National Outstanding Enterprise (全國餐飲業優秀企業)	China Cuisine Association (中國烹飪協會)
National Trust Worthy Unit with Quality Services (全國質量服務信得過單位)	Social Survey Centre (中國國情調查委員會) China Foundation of Consumer Protection (中國保護消費者基金會)

National Trust Worthy Brand on Consumer Protection  
(全國關心保護消費者權益信用品牌)

Social Survey Centre  
(中國國情調查委員會)  
China Foundation of Consumer Protection  
(中國保護消費者基金會)

Top 10 Restaurants in Suzhou  
(蘇州市十佳飯店)

Suzhou Health Bureau  
(蘇州市衛生局)  
Suzhou Food and Drug Administration Bureau  
(蘇州市食品藥品監督管理局)

“A” Unit on Food Safety Quantitative Monitoring  
(食品安全監督量化分級管理A級單位)

Zhejiang Food and Drug Administration  
(浙江省食品藥品監督管理局)

With the uncertainty of the growth of the Chinese economy in the second half of 2012, it would be essential for the Group to further enhance our cost control policy, to broaden the customer base and to boost customer spending in order to generate continuous revenue growth. We will strengthen our centralised procurement system through cooperating with large credible suppliers and allowing traceable sourcing of food. In addition, steady expansion on Chinese restaurant network in first and second tier cities in China continues to be our strategy, while developing Pepper Lunch restaurants and other casual dining businesses will be our future highlights. We will also maintain our focus on improving our food quality, hygiene of our food products and the quality of services. We believe all these comprise our core values and striking for excellence of such is the key to our continuous success in the restaurant industry.

## **Financial review**

### *Revenue*

The Group’s revenue increased by RMB22.6 million, or by 6.1%, from RMB369.3 million for the six months ended 30 June 2011 to RMB391.9 million for the six months ended 30 June 2012, which was mainly attributable to the revenue growth of the existing restaurants and the opening of additional seven restaurants from 1 July 2011 to 30 June 2012, including two Chinese restaurants, one Japanese restaurant and four Pepper Lunch fast food restaurants.

### *Other income and gains*

Other income and gains increased by RMB3.0 million, or by 50.2%, from RMB5.9 million for the six months ended 30 June 2011 to RMB8.9 million for the Period. Such increase was mainly due to the increase in commission income in respect of sales of tea products and increase in bank interest income arising from depositing unutilised proceeds from our initial public offering.

### *Cost of inventories consumed*

Cost of inventories consumed increased by RMB2.3 million, or by 1.4%, from RMB159.3 million for the six months ended 30 June 2011 to RMB161.6 million for the Period, primarily due to the revenue growth of the existing restaurants and the opening of the new restaurants. As a percentage of revenue, cost of inventories consumed decreased from 43.1% for the six months ended 30 June 2011 to 41.2% for the Period, revealing our central procurement system has started to come into effect in lowering our cost.

### *Staff cost*

Staff cost increased by RMB11.3 million, or by 12.7%, from RMB89.3 million for the six months ended 30 June 2011 to RMB100.6 million for the Period. As a percentage of revenue, staff cost increased from 24.2% for the six months ended 30 June 2011 to 25.7% for the Period. The increase in staff cost was primarily due to an overall increase in the level of salaries and other employee benefits, as well as increase in staff force which resulted from the opening of new restaurants.

### *Depreciation of property, plant and equipment*

Depreciation of property, plant and equipment increased by RMB3.4 million, or by 24.1%, from RMB14.1 million for the six months ended 30 June 2011 to RMB17.5 million for the Period. As a percentage of revenue, depreciation of property, plant and equipment increased from 3.8% for the six months ended 30 June 2011 to 4.5% for the Period. The increase mainly represented depreciation incurred in connection with the equipment acquired for the new restaurants.

### *Utilities and consumables*

Utilities and consumables increased by RMB3.5 million, or 17.1%, from RMB20.2 million for the six months ended 30 June 2011 to RMB23.7 million for the Period. As a percentage of revenue, utilities and consumables slightly increased from 5.5% for the six months ended 30 June 2011 to 6.0% for the Period.

### *Rental and related expenses*

Rental and related expenses increased by RMB5.0 million, or by 17.9%, from RMB28.3 million for the six months ended 30 June 2011 to RMB33.3 million for the Period. As a percentage of revenue, rental and related expenses increased from 7.7% for the six months ended 30 June 2011 to 8.5% for the Period. The increase was mainly attributable to the opening of the new restaurants.

### *Other expenses*

Other expenses, mainly comprising professional fees, sales and marketing expenses, administrative expenses, donations, bank charges and miscellaneous expenses, amounted to RMB26.0 million for the Period compared to RMB25.6 million for the six months ended 30 June 2011.

### *Income tax expense*

Income tax expense decreased by RMB1.4 million, or by 10.0%, from RMB13.9 million for the six months ended 30 June 2011 to RMB12.5 million for the Period. The Group's effective income tax rate decreased from 56.9% for the six months ended 30 June 2011 to 32.7% for the Period. The effective tax rate is higher than the statutory tax rate of 25% in the PRC was mainly due to tax credit was not recognised for those newly opened restaurants.

### *Profit and total comprehensive income for the Period*

The Group's profit and total comprehensive income for the Period increased by RMB15.2 million, from RMB10.5 million for the six months ended 30 June 2011 to RMB25.7 million for the Period, mainly due to increase in revenue during the Period and one-off listing and related expenses of RMB13.4 million was incurred in first half of 2011.

### *Cash flow*

Cash and cash equivalents decreased by RMB45.6 million from RMB293.6 million as at 31 December 2011 to RMB247.9 million as at 30 June 2012.

Net cash of RMB40.7 million was generated in operating activities for the Period. Net cash used in investing activities amounted to RMB56.6 million for the Period, of which RMB58.4 million related to the purchase of property, plant and equipment.

### **Liquidity and financial resources**

The Group's funding and treasury activities are managed and controlled by the senior management. The Group maintained cash and bank balances of RMB247.9 million as at 30 June 2012 (31 December 2011: RMB293.6 million). As at 30 June 2012, the Group's total assets, net current assets and net assets were RMB456.2 million (31 December 2011: RMB455.4 million), RMB171.2 million (31 December 2011: RMB215.9 million) and RMB335.9 million (31 December 2011: RMB339.3 million), respectively.

As at 30 June 2012, the Group had no bank borrowings (31 December 2011: Nil). The gearing ratio was nil as at 30 June 2012 (31 December 2011: Nil).

As at 30 June 2012, the current ratio (current assets divided by current liabilities) was 2.4 (31 December 2011: 2.9).

The directors are of the opinion that the Group has sufficient working capital for the Group's operations and expansion in the near future.

### **Foreign currency exposure**

The business operations of the Group's subsidiaries were conducted mainly in the PRC with revenues and expenses of the Group's subsidiaries denominated mainly in RMB. The Group's cash and bank deposits were denominated mainly in RMB, with some denominated in Hong Kong dollars. Any significant exchange rate fluctuations of Hong Kong dollars against RMB as the functional currency may have a financial impact to the Group.

As at 30 June 2012, the directors considered the Group's foreign exchange risk to be insignificant. During the Period, the Group did not use any financial instruments for hedging purposes.

## **OTHER INFORMATION**

### **Audit Committee**

The Audit Committee of the Company has reviewed the unaudited condensed consolidated interim results and interim report of the Group for the Period.

### **Corporate Governance**

The Company has complied with all the code provisions as set out in Appendix 14 to the Listing Rules (Code on Corporate Governance Practices (effective until 31 March 2012) and Corporate Governance Code (effective from 1 April 2012)) throughout the Period.

### **Model Code For Securities Transactions By Directors of Listed Issuers (“the Model Code”)**

The Company has adopted its own code for securities transactions by directors on terms no less exacting than those set out in Appendix 10 to the Listing Rules. The Company has made specific enquiries to all directors and all directors confirmed that they have complied with the required standards set out in the Model Code during the Period.

### **Contingent Liabilities**

As at 30 June 2012, the Group did not have any material contingent liabilities.

### **Number and Remuneration of Employees**

As at 30 June 2012, the Group had over 4,000 full time employees in Hong Kong and the PRC. The Group recognises the importance of human resources to its success, therefore qualified and experienced personnel are recruited for expansion of new restaurants. Remuneration is maintained at competitive levels with discretionary bonuses payable on a merit basis and in line with industrial practice. Other staff benefits provided by the Group include mandatory provident fund, insurance schemes and performance related bonus.

### **Purchase, Sale or Redemption of Listed Securities**

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

### **Publication of Interim Results and Interim Report**

The interim results announcement is published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of the Company ([www.tanggong.cn](http://www.tanggong.cn)).

